

Fiscal Note

Fiscal Services Division



SF 1 – Iowa First (LSB1411XS)

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Fiscal Note Version – As amended by **H-8071**

Description

Senate File 1 relates to bidding for purchases through a competitive bidding process by the state. House amendment **H-8071** is a strike everything amendment that adds a new subsection under the Department of Administrative Services (DAS) competitive bidding section of the Iowa Code stating that if a department or an agency can verify a product is manufactured in Iowa, then the department is not required to purchase from Iowa Prison Industries (IPI) as otherwise required under Iowa Code sections **904.807** and **904.808**.

Background

- In FY 2015, Iowa Prison Industries (IPI) opened a textiles plant in Fort Dodge. In FY 2016, IPI opened a new wood furniture facility at the Iowa State Penitentiary in Fort Madison.
- IPI produces furniture, apparel and textiles, sign, facilities products, and specialty products. For a complete list of items produced by IPI visit: <http://www.iaprisonind.com/>
- Receipts from the sales of merchandise are deposited in the Prison Industries Revolving Fund. The Fund is used to maintain and operate IPI work programs.

Assumptions

- In FY 2015, total IPI net sales were \$24.2 million. Of this amount, approximately \$6.5 million or 27.0% were from sales to state agencies.
- The major product categories of IPI include: cleaning products, office furniture, wood and metal furniture, signs, and parks and recreation products.
- Offender training hours in FY 2015 totaled 925,121 at IPI.
- **SF 1** as amended by **H-8071** may reduce IPI sales to state agencies by approximately 25.0%.
- Lower sales may eventually require IPI to reduce offender training hours and civilian staffing levels.

Fiscal Impact

There is no impact to the State General Fund. **Senate File 1** as amended by **H-8071** may reduce IPI net sales by approximately \$1.6 million annually.

Source

Department of Corrections (DOC)

/s/ Holly M. Lyons

March 7, 2016

The fiscal note for this bill was prepared pursuant to **Joint Rule 17** and the Iowa Code. Data used in developing this fiscal note is available from the Fiscal Services Division of LSA upon request.
